

HOUSE BILL No. 1671

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-4-6.1-1.1; IC 6-2.5-6-10; IC 6-3.1-4.

Synopsis: Enterprise zone incentives. Allows enterprise zone retail merchants to claim an additional sales tax allowance. Provides that a taxpayer is entitled to a 30% credit for research expenses incurred in an enterprise zone that exceed the taxpayer's research expenses incurred in the enterprise zone in 2005. Provides that the credit may be claimed in addition to the research expense credit for research expenses that are not incurred in an enterprise zone. (The introduced version of this bill was prepared by the enterprise zone study commission.)

Effective: July 1, 2005; January 1, 2006.

Hinkle, Klinker

January 19, 2005, read first time and referred to Committee on Ways and Means.

C
o
p
y



Introduced

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

HOUSE BILL No. 1671

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-4-6.1-1.1 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 1.1. As used in
3 this chapter, "zone business" means any entity that accesses at least one
4 (1) tax credit or exemption incentive available under this chapter,
5 IC 6-1.1-20.8, ~~or~~ IC 6-3-3-10, **IC 6-2.5-6-10, or IC 6-3.1-4-2(b).**

6 SECTION 2. IC 6-2.5-6-10 IS AMENDED TO READ AS
7 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 10. (a) In order to
8 compensate retail merchants for collecting and timely remitting the
9 state gross retail tax and the state use tax, every retail merchant, except
10 a retail merchant referred to in subsection (c), is entitled to deduct and
11 retain from the amount of those taxes otherwise required to be remitted
12 under IC 6-2.5-7-5 or under this chapter, if timely remitted, a retail
13 merchant's collection allowance.

14 (b) The allowance equals eighty-three hundredths percent (0.83%)
15 of the retail merchant's state gross retail and use tax liability accrued
16 during a reporting period.

17 (c) A retail merchant described in IC 6-2.5-4-5 or IC 6-2.5-4-6 is not

2005

IN 1671—LS 6804/DI 92+



C
o
p
y

entitled to the allowance provided by this section.

(d) In addition to the allowance provided under subsection (a), a retail merchant located in an enterprise zone is entitled to an allowance equal to one percent (1%) of the retail merchant's state gross retail and use tax liability accrued during a reporting period if the retail merchant:

(1) pays the registration fee charged to a zone business under IC 4-4-6.1-2;

(2) provides the assistance required from a zone business under IC 4-4-6.1-2(b); and

(3) complies with any requirements adopted by the enterprise zone board under IC 4-4-6.1 for claiming an additional allowance under this subsection.

SECTION 3. IC 6-3.1-4-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 1. As used in this chapter:

"Base amount" means base amount (as defined in Section 41(c) of the Internal Revenue Code as in effect on January 1, 2001).

"Base period Indiana qualified research expense" means base period research expense that is incurred for research conducted in Indiana.

"Base period research expense" means base period research expense (as defined in Section 41(c) of the Internal Revenue Code before January 1, 1990).

"Base year enterprise zone qualified research expense" means enterprise zone qualified research expense that is incurred in 2005.

"Enterprise zone qualified research expense" means qualified research expense that is incurred for research conducted in an enterprise zone in Indiana.

"Indiana qualified research expense" means qualified research expense that is incurred for research conducted in Indiana.

"Qualified research expense" means qualified research expense (as defined in Section 41(b) of the Internal Revenue Code as in effect on January 1, 2001).

"Pass through entity" means:

(1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) a partnership;

(3) a limited liability company; or

(4) a limited liability partnership.

"Research expense tax credit" means a credit provided under this chapter against any tax otherwise due and payable under IC 6-3.

"Taxpayer" means an individual, a corporation, a limited liability

C
o
p
y



company, a limited liability partnership, a trust, or a partnership that has any tax liability under IC 6-3 (adjusted gross income tax).

SECTION 4. IC 6-3.1-4-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 2. **(a)** A taxpayer who incurs Indiana qualified research expense in a particular taxable year is entitled to a research expense tax credit for the taxable year in the amount of the product of:

(1) ten percent (10%); multiplied by

(2) **the result of:**

(A) the remainder of the taxpayer's Indiana qualified research expenses for the taxable year, minus:

~~(A)~~ **(i)** the taxpayer's base period Indiana qualified research expenses, for taxable years beginning before January 1, 1990; or

~~(B)~~ **(ii)** the taxpayer's base amount, for taxable years beginning after December 31, 1989; **minus**

(B) the amount determined for the taxable year under subsection (b)(2) for which the taxpayer claims a credit under subsection (b).

(b) In addition to the credit that may be claimed under subsection (a) for a particular taxable year, a taxpayer who incurs enterprise zone qualified research expense in a particular taxable year is entitled to a research expense tax credit for the taxable year in the amount of the product of:

(1) thirty percent (30%); multiplied by

(2) the remainder of:

(A) the taxpayer's enterprise zone qualified research expenses for the taxable year; minus

(B) the taxpayer's base year enterprise zone qualified research expense.

SECTION 5. [EFFECTIVE JULY 1, 2005] IC 6-2.5-6-10, as amended by this act, applies to retail transactions occurring after June 30, 2005.

SECTION 6. [EFFECTIVE JANUARY 1, 2006] IC 6-3.1-4-1 and IC 6-3.1-4-2, both as amended by this act, apply to taxable years beginning after December 31, 2005.

C
o
p
y

